GROUP LIFE INSURANCE ADMINISTRATION

The Commonwealth of Kentucky solicits bids in accordance with Kentucky Revised Statues KRS 18A.205 and KRS 45A.080 from qualified life insurance companies to provide coverage for its employees and their dependents.

All bidding companies must have an A or better rating with AM Best Rating. Bidders with an AM Best rating lower than an A shall not be considered.

The current life insurance contract was awarded January 1, 2010 to Nationwide Life Insurance Company and will expire on December 31, 2011. The contract does have a two-year renewal clause.

The state sponsored group life insurance is provided to over 148,000 employees. At present, about 23,000 employees are enrolled in Optional Insurance and about 19,000 employees are enrolled in Dependent Group Life coverage.

The Personnel Cabinet, Life Insurance Branch, provides administrative services for the state sponsored life contract. At the beginning of each month a wire transfer is requested from Treasury with a written itemized report showing the number of covered lives, premiums due, premiums received and adjustments made since the last wire report. No personal information is released to Nationwide by the Group Life Insurance Branch except for the following request: the Proof of Death claim form or the Underwriting/Evidence of Insurability form.

The services provided by the Group Life Insurance Branch includes: keeping an updated eligibility data base, approving and processing enrollments, bill generation, reconciliation of premium payments, distribution of supplies, reviewing death claims for accuracy and completeness, answering questions and explaining life insurance coverage to employees and employers, providing training for life insurance coordinators, represent the Commonwealth and Carrier at open enrollment sessions, and provide customer service. Services are provided to over 148,000 employees at 436 locations throughout the Commonwealth.

The Insurance Carrier is only responsible for three services:

- Underwriting (evidence of insurability statement) approving when an employee wants additional coverage outside of a qualifying event or open enrollment

- Payment of claims (Group Life Insurance completes the claim form and requests all information from the employer and beneficiary and verifies eligibility before mailing to the carrier)

- Conversion applications (the employee calls Nationwide directly for a quote on the conversion policy)

Each employee is eligible for the basic amount of $20,000 plus an accidental death and dismemberment policy of an additional $20,000 at no cost to the employee. No age limit and/or reduction are required for the Basic and Optional Insurance coverage.

Each employee after being hired is allowed to pick up coverage without providing evidence of insurability if enrollment is made within 30 days of the initial hire date. Also, an employee may enroll in the Dependent coverage within 30 days of acquiring a new dependent. After the 30-day period has expired, an evidence of insurability must be completed by the employee and approved by the insurance carrier for additional coverage.

An open enrollment period is only offered when the contract is changed with a new carrier, which is the case this year and open enrollment will be April 1, 2010 through April 30, 2010.

Each employee covered under the state sponsored contract is eligible to select from four optional plans or five dependent plans.

The four optional plans currently available are:

Plan 1	$ 5,000
Plan 2	$10,000
Plan 3	One times annual salary
Plan 4	Two times annual salary

The optional coverage is based on the employee's age. The age categories are: employees under 40 years of age; employees between 40 and 59 years of age; and employees 60 years of age and older. The salary does not automatically change for any employee that has Plan 3 or 4. An employee must request a salary increase within 30 days from the salary change.

The employees may also select from five dependent plans. Employees may select either $5,000 or $10,000 for their spouse, $2,500 to $5,000 for dependents only or two options that include coverage for spouse and dependents together. It is up to the **employee** to notify the Group Life Insurance Branch when a dependent becomes ineligible for coverage.

Employee's can decrease coverage at any time by requesting in writing. By completing an evidence of insurability statement and requesting approval from the Insurance Carrier, an employee can pick up additional coverage.

The maximum amount of coverage that an employee is allowed without approval from the Insurance Carrier is $150,000.

Each eligible employee receives a plan booklet from his/her employer which includes the certificate of coverage. A summary of coverage is generated by the Group Life office and mailed directly to the employee's home address. The summary will list the amount of coverage and effective date of each plan the employee has enrolled in.
The Group Life Insurance Branch bills locations for the state sponsored life insurance and the additional life insurance coverage on a monthly basis. Premium payments should be forwarded to the Group Life Insurance Branch by the due date which is the 30th of each month.

When there is a death of an employee and/or dependent, the Group Life Insurance Branch receives a call from the employer or beneficiary. The Proof of Death Claim Form is completed by the Branch and mailed to the employer for additional information or documents needed to complete the claim. Once the information has been received by the Branch, the claim is reviewed for accuracy, completeness and eligibility requirements. The claim is signed off by the Branch for final review and mailed to the Insurance Carrier for processing.

When an employee and/or dependent are no longer eligible for the life insurance coverage, they may elect to convert their coverage over to an individual whole life insurance plan with the Carrier. They have 31 days from their termination date to convert their policy(s). The employee and/or dependent would contact Nationwide for a quote on the conversion policy. If the employee is interested in continuing their life insurance coverage, Nationwide will complete the conversion application and discuss with the employee how to pay premiums directly to the Insurance Carrier.